

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Denmark Township	County Tuscola
Fiscal Year End June 30, 2006	Opinion Date July 27, 2006	Date Audit Report Submitted to State October 5, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

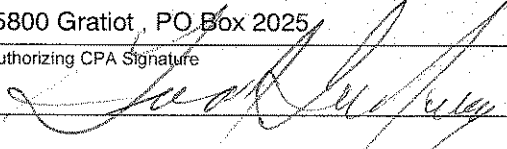
YES  
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No letter of Comments and Recommendations	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Rehmann Robson		Telephone Number (989) 799-9580	
Street Address 5800 Gratiot, PO Box 2025		City Saginaw	State MI
Zip 48605			
Authorizing CPA Signature 	Printed Name Gerald J. Desloover, CPA	License Number 1101007126	

**Township of Denmark**

**Tuscola County, Michigan**

**Financial Statements**

**June 30, 2006**

# TOWNSHIP OF DENMARK

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**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**

An Independent Member of Baker Tilly International

## **INDEPENDENT AUDITORS' REPORT**

July 27, 2006

To the Township Board  
Township of Denmark  
Tuscola County, Michigan

We have audited the accompanying financial statements of each major fund of the ***Township of Denmark, Michigan*** as of and for the year ended June 30, 2006 which collectively comprise a portion of the Township's basic financial statements required by accounting principles generally accepted in the United States of America, as listed in the table of contents. These financial statements are the responsibility of the ***Township of Denmark***'s management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the ***Township of Denmark, Michigan***, as of June 30, 2006, or the changes in its financial position, for the year then ended.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise a portion of the Township's basic financial statements. The individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the ***Township of Denmark, Michigan***. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The ***Township of Denmark, Michigan*** has not presented a Management's Discussion and Analysis (MD&A) as required supplementary information that the *Governmental Accounting Standards Board* has determined is necessary to supplement, although not required to be, a part of the basic financial statements.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

## **FINANCIAL STATEMENTS**

# TOWNSHIP OF DENMARK

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2006

ASSETS	General	Garbage Collection	Fire Protection	Police	Debt Service	Total Governmental Funds
Cash and cash equivalents	\$ 83,573	\$ 13,240	\$ 1,171	\$ -	\$ -	\$ 97,984
Investments	50,000	-	-	-	216,158	266,158
Interest receivable	-	-	-	-	1,153	1,153
Due from other governmental units	23,046	-	-	-	-	23,046
Special assessments receivable - deferred	-	-	-	-	583,842	583,842
Prepaid expenditures	-	-	14,524	-	-	14,524
<b>Total assets</b>	<u>\$ 156,619</u>	<u>\$ 13,240</u>	<u>\$ 15,695</u>	<u>\$ -</u>	<u>\$ 801,153</u>	<u>\$ 986,707</u>
 <b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 6,608	\$ 7,146	\$ -	\$ -	\$ -	\$ 13,754
Deferred revenue	-	-	-	-	583,842	583,842
<b>Total liabilities</b>	<u>6,608</u>	<u>7,146</u>	<u>-</u>	<u>-</u>	<u>583,842</u>	<u>597,596</u>
<b>Fund balances</b>						
Reserved for debt service	-	-	-	-	217,311	217,311
Reserved for prepaid expenditures	-	-	14,524	-	-	14,524
Unreserved:						
Designated for subsequent year's expenditures	-	-	-	-	-	-
Undesignated	150,011	6,094	1,171	-	-	157,276
<b>Total fund balances</b>	<u>150,011</u>	<u>6,094</u>	<u>15,695</u>	<u>-</u>	<u>217,311</u>	<u>389,111</u>
<b>Total liabilities and fund balances</b>	<u>\$ 156,619</u>	<u>\$ 13,240</u>	<u>\$ 15,695</u>	<u>\$ -</u>	<u>\$ 801,153</u>	<u>\$ 986,707</u>

The accompanying notes are an integral part of these financial statements.

# TOWNSHIP OF DENMARK

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

**FOR THE YEAR ENDED JUNE 30, 2006**

	<b>General</b>	<b>Garbage Collection</b>	<b>Fire Protection</b>	<b>Police</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Taxes	\$132,138	\$ -	\$ 19,762	\$ -	\$ 70,764	\$ 222,664
State revenue	128,625	-	-	1,434	-	130,059
Charges for services	4,194	81,000	-	114	-	85,308
Interest	3,466	-	-	-	3,994	7,460
Other	8,110	-	-	52	-	8,162
<b>Total revenues</b>	<u>276,533</u>	<u>81,000</u>	<u>19,762</u>	<u>1,600</u>	<u>74,758</u>	<u>453,653</u>
<b>Expenditures</b>						
Current:						
General government	114,543	-	-	-	-	114,543
Public safety	2,015	-	17,947	70,139	-	90,101
Public works	67,077	84,342	-	-	-	151,419
Health and welfare	26,092	-	-	-	-	26,092
Recreation and cultural	13,000	-	-	-	-	13,000
Debt service	-	-	-	-	102,686	102,686
Capital outlay	-	-	-	617	-	617
<b>Total expenditures</b>	<u>222,727</u>	<u>84,342</u>	<u>17,947</u>	<u>70,756</u>	<u>102,686</u>	<u>498,458</u>
Revenues over (under) expenditures	<u>53,806</u>	<u>(3,342)</u>	<u>1,815</u>	<u>(69,156)</u>	<u>(27,928)</u>	<u>(44,805)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	69,156	-	69,156
Transfers (out)	<u>(69,156)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,156)</u>
<b>Total other financing sources (uses)</b>	<u>(69,156)</u>	<u>-</u>	<u>-</u>	<u>69,156</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(15,350)	(3,342)	1,815	-	(27,928)	(44,805)
Fund balances, beginning of year	<u>165,361</u>	<u>9,436</u>	<u>13,880</u>	<u>-</u>	<u>245,239</u>	<u>433,916</u>
<b>Fund balances, end of year</b>	<u>\$150,011</u>	<u>\$ 6,094</u>	<u>\$ 15,695</u>	<u>\$ -</u>	<u>\$217,311</u>	<u>\$ 389,111</u>

The accompanying notes are an integral part of these financial statements.



# TOWNSHIP OF DENMARK

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 131,982	\$ 136,241	\$ 132,138	\$ (4,103)
State revenue	126,000	126,000	128,625	2,625
Charges for services	500	500	4,194	3,694
Interest	2,600	2,600	3,466	866
Other	1,370	1,370	8,110	6,740
<b>Total revenues</b>	<u>262,452</u>	<u>266,711</u>	<u>276,533</u>	<u>9,822</u>
<b>Expenditures</b>				
Current:				
General government	121,625	121,625	114,543	7,082
Public safety	1,092	1,092	2,015	(923)
Public works	52,500	52,500	67,077	(14,577)
Health and welfare	26,292	26,292	26,092	200
Recreation and cultural	13,000	13,000	13,000	-
Miscellaneous	1,000	1,000	-	1,000
<b>Total expenditures</b>	<u>215,509</u>	<u>215,509</u>	<u>222,727</u>	<u>(7,218)</u>
Revenues over (under) expenditures	46,943	51,202	53,806	2,604
<b>Other financing (uses)</b>				
Transfers (out)	<u>(69,134)</u>	<u>(69,134)</u>	<u>(69,156)</u>	<u>(22)</u>
Net change in fund balance	(22,191)	(17,932)	(15,350)	2,582
Fund balance, beginning of year	<u>165,361</u>	<u>165,361</u>	<u>165,361</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 143,170</u>	<u>\$ 147,429</u>	<u>\$ 150,011</u>	<u>\$ 2,582</u>

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF DENMARK**  
**GARBAGE COLLECTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2006**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Charges for services:				
Refuse collection fee	\$ 80,000	\$ 80,000	\$ 81,000	\$ 1,000
<b>Expenditures</b>				
Public works:				
Rubbish collection	<u>80,000</u>	<u>80,000</u>	<u>84,342</u>	<u>(4,342)</u>
Net change in fund balance	-	-	(3,342)	(3,342)
Fund balance, beginning of year	<u>9,436</u>	<u>9,436</u>	<u>9,436</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 9,436</u></u>	<u><u>\$ 9,436</u></u>	<u><u>\$ 6,094</u></u>	<u><u>\$ (3,342)</u></u>

The accompanying notes are an integral part of these financial statements.

# TOWNSHIP OF DENMARK

## FIRE PROTECTION FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Current property taxes	\$ 17,475	\$ 17,475	\$ 19,762	\$ 2,287
<b>Expenditures</b>				
Public safety:				
Standby fees	<u>17,475</u>	<u>17,475</u>	<u>17,947</u>	<u>(472)</u>
Net change in fund balance	-	-	1,815	1,815
Fund balance, beginning of year	<u>13,880</u>	<u>13,880</u>	<u>13,880</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 13,880</u></u>	<u><u>\$ 13,880</u></u>	<u><u>\$ 15,695</u></u>	<u><u>\$ 1,815</u></u>

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF DENMARK**  
**POLICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
State shared revenue	\$ 1,425	\$ 1,425	\$ 1,434	\$ 9
Charges for services - fines	550	550	114	(436)
Other	200	200	52	(148)
<b>Total revenues</b>	<u>2,175</u>	<u>2,175</u>	<u>1,600</u>	<u>(575)</u>
<b>Expenditures</b>				
Public safety:				
Wages, benefits and payroll taxes	52,768	52,768	52,359	409
Supplies	249	249	247	2
Auto expense	4,331	4,331	4,297	34
Insurance	10,816	10,816	10,732	84
Other	2,524	2,524	2,504	20
Capital outlay	622	622	617	5
<b>Total expenditures</b>	<u>71,309</u>	<u>71,309</u>	<u>70,756</u>	<u>553</u>
Revenues over (under) expenditures	(69,134)	(69,134)	(69,156)	(22)
<b>Other financing sources</b>				
Transfers in	<u>69,134</u>	<u>69,134</u>	<u>69,156</u>	<u>22</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

# **TOWNSHIP OF DENMARK**

## **NOTES TO FINANCIAL STATEMENTS**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **REPORTING ENTITY**

Denmark Township (“the Township”) has determined that no entities should be consolidated into its financial statements as component units. Therefore, the reporting entity consists only of the primary government. The criteria for including a component unit include entities for which the government is considered to be financially accountable.

#### **FINANCIAL STATEMENTS**

Under governmental accounting standards, the Township is required to present government-wide financial statements (i.e., a statement of net assets and a statement of activities), which are to be reported using the economic resources measurement focus and the accrual basis of accounting. The Township has not presented the required government-wide financial statements, as they have not maintained a list of capital assets or depreciated such assets.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### **MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

# **TOWNSHIP OF DENMARK**

## **NOTES TO FINANCIAL STATEMENTS**

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The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *garbage collection fund* accounts for the contractual services the Township has retained for garbage/trash removal.

The *fire protection fund* accounts for the separate voted millage and the related payments of fire standby fees.

The *police fund* accounts for the separate voted millage and the related operation of the police department.

The *debt service fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related cost.

### **BUDGETS AND BUDGETARY ACCOUNTING**

Comparisons to budget are presented for the general fund and special revenue funds. Budgets are adopted on the modified accrual basis which is consistent with generally accepted accounting principles (GAAP). Any revisions that alter the total expenditures of any fund must be approved by the Township Board.

Budgeted amounts are as originally adopted, or as amended by the Township Board. Budgets are adopted at the activity level for the General Fund and function level for the special revenue funds.

### **ASSETS, LIABILITIES AND EQUITY**

#### ***Deposits and investments***

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments. Investments are reported at fair value.

# **TOWNSHIP OF DENMARK**

## **NOTES TO FINANCIAL STATEMENTS**

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### ***Receivables and payables***

Township property taxes are attached as an enforceable lien on property as of December 1st. Taxes are levied December 1st and are due without penalty on or before March 1st. Real property taxes not collected as of March 1st are turned over to Tuscola County for collection, which advances the Township 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

Property taxes levied in December of each year are recognized as revenue in that fiscal year.

### ***Capital assets***

Capital assets, which include property, plant, equipment and public domain (infrastructure) assets, are not reported in the financial statements. Any outlays for capital assets are recorded as expenditures at the time of their purchase, in the applicable fund financial statements.

### ***Long-term obligations***

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### ***Fund equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

# TOWNSHIP OF DENMARK

## NOTES TO FINANCIAL STATEMENTS

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### *Risk management*

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2006, the Township carried commercial insurance to cover all risk of losses. The Township has had no settled claims resulting from these risks that exceeded their commercial coverage in the past three fiscal years.

### 2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS

P.A. 621 of 1978 provides that a local unit shall not incur expenditures in excess of the amount appropriated. The following funds had expenditures in excess of appropriations as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>GENERAL FUND</b>			
General Government			
Township board	\$ 31,493	\$ 32,905	\$ (1,412)
Elections	-	1,542	(1,542)
Public Safety			
Planning-zoning board of appeals	1,092	2,015	(923)
Public Works			
Roads and drains	6,200	10,057	(3,857)
Drain-at-large	41,000	52,158	(11,158)
Transfer out	69,134	69,156	(22)
<b>GARBAGE COLLECTION FUND</b>			
Public Works	80,000	84,342	(4,342)
<b>FIRE PROTECTION FUND</b>			
Public Safety	17,475	17,947	(472)



# TOWNSHIP OF DENMARK

## NOTES TO FINANCIAL STATEMENTS

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### 3. DEPOSITS AND INVESTMENTS

At June 30, 2006, the carrying amount of the deposits (includes cash and cash equivalents and certificates of deposit classified as investments on the financial statements) owned by the Township was \$364,142.

#### *Statutory Authority*

The Township is authorized by the Township Board to deposit and invest in:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a qualified financial institution.
- c. Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- d. Banker's acceptances of United States banks.
- e. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

#### **Investment and deposit risk**

*Interest rate risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the above list of authorized investments. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk.* The Township's investment policy does not have specific limits in excess of state law on investment credit risk. The Township has no investments for which ratings are required.

*Custodial credit risk.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end, \$157,858 of the Township's bank balance of \$344,091 was exposed to credit risk because it was uninsured and uncollateralized.

# TOWNSHIP OF DENMARK

## NOTES TO FINANCIAL STATEMENTS

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### 4. PENSION PLAN

Beginning July 1, 1991, all appointed officials, elected officials, police chiefs and cemetery custodians of the Township of Denmark are covered by the Denmark Township Pension Plan, a defined contribution pension plan administered by John Hancock Life Insurance Co. Contributions to the plan are made at fixed rates by the employer based upon actual payrolls. Additional contributions may be made by the employee. Benefits vest 100 percent immediately. Plan provisions and contribution requirements are established and may be amended by the Township board. Employer contributions for the year ended June 30, 2006, amounted to \$11,469, which represents 11.5% of covered payroll. No employee contributions were made.

### 5. LONG-TERM DEBT

During 1997, Tuscola County issued bonds in the amount of \$1,280,000 to finance the cost of a watermain extension into Denmark Township. The Township has agreed to special assess its property to make payments to the County to cover the principal and interest on the bonds. Final payment occurs in the year 2017.

	<b><u>Balance</u></b> <b><u>July 1, 2005</u></b>	<b><u>Reductions</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2006</u></b>
Contract payable to Tuscola County, dated 1997, with principal installments of \$60,000 to \$75,000 through November 2017 (4.6% - 7.6% effective rate of interest).	<u>\$ 860,000</u>	<u>\$ 60,000</u>	<u>\$ 800,000</u>

**TOWNSHIP OF DENMARK**  
**NOTES TO FINANCIAL STATEMENTS**

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The aggregate debt service requirements to pay principal and interest on this long-term debt are as follows:

<b><u>Year ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2007	\$ 60,000	\$ 39,405
2008	60,000	36,495
2009	65,000	33,400
2010	65,000	30,134
2011	65,000	26,835
2012-16	340,000	82,456
2017-18	<u>145,000</u>	<u>7,463</u>
	<u>\$ 800,000</u>	<u>\$ 256,188</u>

**6. INTERFUND TRANSFERS**

The interfund transfer from the General Fund to the Police Fund in the amount of \$69,156 is a transfer of unrestricted revenues collected in the General Fund to finance the Police activities, in accordance with budgetary authorization.

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**INDIVIDUAL FUND FINANCIAL STATEMENTS AND  
SCHEDULES**

# TOWNSHIP OF DENMARK

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Taxes:				
Current property taxes	\$ 104,057	\$ 108,316	\$ 108,142	\$ (174)
Trailer park fees	475	475	479	4
Property tax administration fees	<u>27,450</u>	<u>27,450</u>	<u>23,517</u>	<u>(3,933)</u>
Total taxes	<u>131,982</u>	<u>136,241</u>	<u>132,138</u>	<u>(4,103)</u>
State revenue:				
Sales and use tax	<u>126,000</u>	<u>126,000</u>	<u>128,625</u>	<u>2,625</u>
Charges for services:				
Cemetery lot sales	500	500	75	(425)
SET assessment	<u>-</u>	<u>-</u>	<u>4,119</u>	<u>4,119</u>
Total charges for services	<u>500</u>	<u>500</u>	<u>4,194</u>	<u>3,694</u>
Interest	<u>2,600</u>	<u>2,600</u>	<u>3,466</u>	<u>866</u>
Other revenues:				
Zoning appeals	600	600	-	(600)
Other	<u>770</u>	<u>770</u>	<u>8,110</u>	<u>7,340</u>
Total other revenue	<u>1,370</u>	<u>1,370</u>	<u>8,110</u>	<u>6,740</u>
<b>Total revenues</b>	<u>262,452</u>	<u>266,711</u>	<u>276,533</u>	<u>9,822</u>

# TOWNSHIP OF DENMARK

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (Continued) BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Total revenues (pg. 16)	\$ 262,452	\$ 266,711	\$ 276,533	\$ 9,822
Total expenditures (pg. 18)	<u>(215,509)</u>	<u>(215,509)</u>	<u>(222,727)</u>	<u>(7,218)</u>
Revenues over (under) expenditures	46,943	51,202	53,806	2,604
<b>Other financing (uses)</b>				
Transfers out	<u>(69,134)</u>	<u>(69,134)</u>	<u>(69,156)</u>	<u>(22)</u>
Net change in fund balances	(22,191)	(17,932)	(15,350)	2,582
Fund balance, beginning of year	<u>165,361</u>	<u>165,361</u>	<u>165,361</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 143,170</u></u>	<u><u>\$ 147,429</u></u>	<u><u>\$ 150,011</u></u>	<u><u>\$ 2,582</u></u>

**TOWNSHIP OF DENMARK**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>General government</b>				
Township board	\$ 31,493	\$ 31,493	\$ 32,905	\$ (1,412)
Township supervisor	26,099	26,099	23,301	2,798
Elections	-	-	1,542	(1,542)
Clerk	16,508	16,508	14,143	2,365
Board of review	1,744	1,744	1,308	436
Treasurer	25,206	25,206	23,245	1,961
Cemetery	8,575	8,575	6,908	1,667
Township hall and grounds	12,000	12,000	11,191	809
Total general government	121,625	121,625	114,543	7,082
<b>Public safety</b>				
Planning - zoning board of appeals	1,092	1,092	2,015	(923)
<b>Public works</b>				
Roads and drains	6,200	6,200	10,057	(3,857)
Street lights	5,300	5,300	4,862	438
Drain-at-large	41,000	41,000	52,158	(11,158)
Total public works	52,500	52,500	67,077	(14,577)
<b>Health and welfare</b>				
Ambulance service fees	26,292	26,292	26,092	200
<b>Recreation and cultural</b>				
Library	3,000	3,000	3,000	-
Parks	10,000	10,000	10,000	-
Total recreation and cultural	13,000	13,000	13,000	-
Miscellaneous	1,000	1,000	-	1,000
<b>Total expenditures</b>	<b>\$ 215,509</b>	<b>\$ 215,509</b>	<b>\$ 222,727</b>	<b>\$ (7,218)</b>